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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	October 31, 2004
Estimated average burden hours per response.....	12.00

SEC FILE NUMBER
B-51801

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 ThereunderREPORT FOR THE PERIOD BEGINNING 01-01-03 AND ENDING 12-31-03
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

CAMBRIDGE GROUP INVESTMENTS, LTD.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

4660 S HAGADORN ROAD, SUITE 520

(No. and Street)

EAST LANSING

MI

48823

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

TOM BLASEN

(517) 333-3220

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

MANER, COSTERISAN & ELLIS, P.C.

(Name - if individual, state last, first, middle name)

544 CHERBOURG

SUITE 200

LANSING

MI

48917

(Address)

(City)

(State)

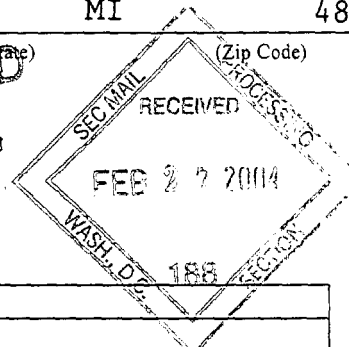
(Zip Code)

CHECK ONE:

☒ Certified Public Accountant☐ Public Accountant☐ Accountant not resident in United States or any of its possessions.

PROCESSED

MAR 19 2004

THOMSON
FINANCIAL

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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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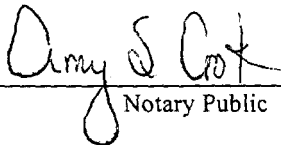
OATH OR AFFIRMATION

I, TOM BLASEN, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of CAMBRIDGE GROUP INVESTMENTS, LTD., as of DECEMBER 31, 20 03, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:


Signature

PRESIDENT

Title


Notary Public

AMY S. COOK
Notary Public, Clinton County, MI
Acting in Ingham County, Michigan
My Comm. Expires Jan. 10, 2007

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☐ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

***For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).*

CAMBRIDGE GROUP INVESTMENTS, LTD.

REPORT ON FINANCIAL STATEMENTS
(With supplementary information required by Rule 17a-5
of the Securities and Exchange Commission)

YEARS ENDED DECEMBER 31, 2003 AND 2002

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Maner,
Costerisan
& Ellis, P.C.
Certified Public Accountants

Lamonte T. Lator
Bruce J. Dunn
Jeffrey C. Stevens
Linda I. Schirmer
Steven W. Scott
David M. Raeck
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Edward L. Williams, III
Timothy J. Orians
Dennis D. Theis

Walter P. Maner, Jr.
Floyd L. Costerisan
Leon A. Ellis (1933-1988)

INDEPENDENT AUDITORS' REPORT

Board of Directors
Cambridge Group Investments, Ltd.
East Lansing, Michigan

February 2, 2004

We have audited the accompanying statements of financial condition of Cambridge Group Investments, Ltd. as of December 31, 2003 and 2002, and the related statements of income, changes in stockholder's equity and cash flows for the years then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cambridge Group Investments, Ltd. as of December 31, 2003 and 2002, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedule I is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Maner, Costerisan & Ellis, P.C.

CAMBRIDGE GROUP INVESTMENTS, LTD.
STATEMENTS OF FINANCIAL CONDITION
DECEMBER 31, 2003 AND 2002

ASSETS

	<u>2003</u>	<u>2002</u>
Cash and cash equivalents	\$ 285,574	\$ 334,218
Commissions receivable	443,676	259,414
Marketable securities, at market value	158,849	46,100
Prepaid expenses	33,033	29,988
Deposit with clearing broker	100,000	
Deferred tax asset	185,000	
Website, net of amortization	653	31,726
Furniture and equipment, less accumulated depreciation	49,045	33,633
TOTAL ASSETS	<u><u>\$ 1,255,830</u></u>	<u><u>\$ 735,079</u></u>

LIABILITIES AND STOCKHOLDER'S EQUITY (DEFICIT)

Liabilities:		
Accounts payable	\$ 19,810	\$ 24,758
Accrued payroll	228,807	26,303
Accrued Single Business Taxes	22,000	
Total liabilities	<u>270,617</u>	<u>51,061</u>
Stockholder's equity:		
Common stock, \$5 par value per share, authorized 60,000 shares, issued and outstanding 1,000 shares	5,000	5,000
Additional paid-in capital	1,583,948	1,583,948
Deficit	<u>(603,735)</u>	<u>(904,930)</u>
Total stockholder's equity	<u>985,213</u>	<u>684,018</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u><u>\$ 1,255,830</u></u>	<u><u>\$ 735,079</u></u>

CAMBRIDGE GROUP INVESTMENTS, LTD.
STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
REVENUES:		
Commission income, net of rebates	\$ 3,172,775	\$ 1,951,337
Profit (loss) on trades	605,213	202,791
Investment income (loss)	<u>(42,413)</u>	<u>7,398</u>
Total revenues	<u>3,735,575</u>	<u>2,161,526</u>
EXPENSES:		
Compensation and benefits	2,507,556	1,374,447
Office expenses	241,401	70,713
Rent expense	105,273	86,114
Travel and entertainment	57,185	32,116
Advertising	71,531	49,506
Insurance	9,271	7,724
Professional fees and compliance expenses	263,299	197,860
Communications	94,069	109,293
Equipment rental	53,465	61,852
Clearance fees	171,550	109,707
Depreciation and amortization	<u>44,780</u>	<u>55,563</u>
Total expenses	<u>3,619,380</u>	<u>2,154,895</u>
Income before provision for income taxes	116,195	6,631
PROVISION FOR INCOME TAX EXPENSE (BENEFIT)	<u>(185,000)</u>	
NET INCOME	<u>\$ 301,195</u>	<u>\$ 6,631</u>

See notes to financial statements.

CAMBRIDGE GROUP INVESTMENTS, LTD.
STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY
YEARS ENDED DECEMBER 31, 2003 AND 2002

	Common stock	Additional paid-in capital	Retained earnings (deficit)	Total
STOCKHOLDER'S EQUITY, January 1, 2002	\$ 5,000	\$ 1,583,948	\$ (911,561)	\$ 677,387
Net income			6,631	6,631
STOCKHOLDER'S EQUITY, December 31, 2002	5,000	1,583,948	(904,930)	684,018
Net income			301,195	301,195
STOCKHOLDER'S EQUITY, December 31, 2003	<u>\$ 5,000</u>	<u>\$ 1,583,948</u>	<u>\$ (603,735)</u>	<u>\$ 985,213</u>

CAMBRIDGE GROUP INVESTMENTS, LTD.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:		
Cash flows from operating activities:		
Net income	\$ 301,195	\$ 6,631
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation and amortization	44,780	55,563
Unrealized loss on investments	56,508	
Commissions receivable	(184,262)	(140,395)
Prepaid expenses	(3,045)	(9,778)
Deposit with clearing broker	(100,000)	
Deferred tax asset	(185,000)	
Accounts payable	(4,948)	(21,361)
Accrued expenses	202,504	(1,460)
Accrued taxes	22,000	
Total adjustments	<u>(151,463)</u>	<u>(117,431)</u>
Net cash provided (used) by operating activities	<u>149,732</u>	<u>(110,800)</u>
Cash flow from investing activities:		
Purchase of furniture and equipment	(29,119)	(2,044)
Proceeds from sale of investments		4,144
Purchase of investments - net	<u>(169,257)</u>	
Net cash provided (used) by investing activities	<u>(198,376)</u>	<u>2,100</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(48,644)	(108,700)
CASH AND CASH EQUIVALENTS:		
Beginning of year	<u>334,218</u>	<u>442,918</u>
End of year	<u>\$ 285,574</u>	<u>\$ 334,218</u>

**CAMBRIDGE GROUP INVESTMENTS, LTD.
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of accounting - The accompanying financial statements have been prepared on the accrual basis of accounting.

Cash equivalents – Cash equivalents are highly liquid investments purchased with original maturities of three months or less.

Marketable securities – Marketable securities consists of bonds and equity securities which are held for trading purposes and are recorded at fair value with unrealized holdings gains and losses included in earnings. The fair value of the investments are determined using published market prices.

Furniture and equipment – Furniture and equipment are carried at cost. Depreciation is calculated using the straight line and accelerated methods over their estimated useful lives.

Website – The website is carried at its development cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the related software. Ongoing maintenance is expensed as incurred.

Commission income - Commission income from the clearing broker is recorded on a trade-by-trade basis and normally is settled within 30 days.

Income taxes - The Company utilizes an asset and liability approach to account for income taxes. The difference between the financial statement and tax basis of assets and liabilities is determined annually. Deferred income tax assets and liabilities are computed for those differences that have future tax consequences using the currently enacted tax laws and rates that apply to the period in which they are expected to affect taxable income. Valuation allowances are established, if necessary, to reduce the deferred tax asset to the amount that will more likely than not be realized. Income tax expense is the current tax payable or refundable for the period plus or minus the net change in the deferred tax assets and liabilities.

Advertising costs – Advertising costs are expensed as incurred.

**CAMBRIDGE GROUP INVESTMENTS, LTD.
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - NATURE OF ORGANIZATION, RISKS AND UNCERTAINTIES

Cambridge Group Investments, Ltd. is a wholly owned subsidiary of The Phoenix Group Ltd. (Parent). The Company is organized primarily for the purpose of entering into various trading strategies involving bonds. The company is registered as a broker-dealer in securities under the Securities Exchange Act of 1934 and is a member of the National Association of Securities Dealers, Inc. (NASD).

The Company has an agreement with a clearing broker to clear securities transactions, carry customers' accounts on a fully disclosed basis and perform certain record keeping functions. Accordingly, the company operates under the exemptive provisions of Securities and Exchange Commission ("SEC") Rule 15c3-3(k)(2)(ii).

The Company receives commission revenues for facilitating customer purchases of bonds. The Company markets primarily through the use of a web site licensed under the name Bondpage.com. All of the Company's commission revenue is received through the clearing broker.

The Company has entered into a "restrictive agreement" with the NASD, which provides that the Company must comply with the exemptive provisions of the Securities and Exchange Commission's Rule 15c3-3 pursuant to paragraph (k)(2)(ii).

The Company is required to disclose significant concentrations of credit risk regardless of the degree of such risk. Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash and cash equivalents and commissions receivable. The Company deposits its cash with high-credit-quality financial institutions. Although such cash balances may exceed the federally insured limits, they are, in the opinion of management, subject to minimal risk. Credit risk with respect to commissions receivable exist due to the entire receivable is from one source. However, based on prior collection history, management estimated no allowance for doubtful accounts is considered necessary.

Estimates - The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

A concentration exists due to all commission and trade income is received from one clearing house.

CAMBRIDGE GROUP INVESTMENTS, LTD.
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – INVESTMENTS

The following is a summary of marketable securities owned at December 31:

	2003	2002
Fixed income securities - Taxable	\$ 92,622	\$
Fixed income securities - Tax-exempt	45,757	
Equity securities	20,470	46,100
	<u>\$ 158,849</u>	<u>\$ 46,100</u>

Investment income (loss) consists of the following:

	2003	2002
Interest and dividends	\$ 8,986	\$ 7,226
Realized and unrealized gains and (losses) on trading securities	(51,399)	172
	<u>\$ (42,413)</u>	<u>\$ 7,398</u>

NOTE 4 – FURNITURE AND EQUIPMENT

Furniture and equipment consists of the following at December 31:

	2003	2002
Furniture and fixtures	\$ 60,660	\$ 47,139
Computer equipment and software	25,803	10,204
	86,463	57,343
Less accumulated depreciation	37,418	23,710
Net equipment	<u>\$ 49,045</u>	<u>\$ 33,633</u>
Depreciation expense	<u>\$ 13,707</u>	<u>\$ 16,975</u>

CAMBRIDGE GROUP INVESTMENTS, LTD.
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – WEBSITE

Unamortized software development costs consists of the following at December 31:

	2003	2002
Website	\$ 115,765	\$ 115,765
Less accumulated amortization	115,112	84,039
	<u>\$ 653</u>	<u>\$ 31,726</u>
Amortization expense	<u>\$ 31,073</u>	<u>\$ 38,588</u>

NOTE 6 - INCOME TAXES

Temporary differences in the timing of recognition of expenses for accounting and income tax purposes as of December 31 result in deferred taxes as follows:

	2003	2002
Deferred tax assets (liabilities) attributable to:		
Net operating loss carry forward	\$ 165,000	\$ 220,000
Accrued compensation	10,000	
Unrealized loss on investments	13,000	
Other - net	<u>(3,000)</u>	
	185,000	\$ 220,000
Less valuation allowance		<u>(220,000)</u>
	<u>\$ 185,000</u>	<u>\$ -</u>

Income tax expense differs from the statutory rate primarily due to the surtax exemptions, non deductible meals and entertainment expenses, and the change in the valuation allowance. The above differences between book and taxable income are anticipated to reverse at an estimated rate of 25%. There is no current tax expense for 2003 or 2002.

CAMBRIDGE GROUP INVESTMENTS, LTD.
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - INCOME TAXES (Concluded)

The Company has net operating loss carryforwards available for income tax purposes as follows at December 31:

<u>Incurred</u>	<u>Expiring</u>	<u>2003</u>	<u>2002</u>
1999	2019	\$	\$ 28,887
2000	2020	232,905	435,905
2001	2021	422,732	422,732
		<u>\$ 655,637</u>	<u>\$ 887,524</u>

NOTE 7 - COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Company executes, as agent, securities transactions on behalf of its customers. If the agency transactions do not settle because of failure to perform by either the customer of the counterparty, the Company may be obligated to discharge the obligation of the nonperforming party, and as a result is subject to market risk if the market value of securities is different from the contract amount of the transactions.

The Company does not anticipate nonperformance by customers or counterparties in the aforementioned situations. The Company's policy is to monitor market exposure and counterparty risk. In addition, the Company has a policy of reviewing, as considered necessary, the credit standing of each counterparty and customer with which it conducts business.

CAMBRIDGE GROUP INVESTMENTS, LTD.
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – OPERATING LEASES

The Company leases office space, computer equipment and furniture under various noncancelable operating lease agreements. Office rent expense and equipment lease expense totaled \$158,738 and \$147,966 for the years ended December 31, 2003 and 2002, respectively.

Future minimum lease payments on these leases at December 31, 2003 are as follows:

<u>December 31,</u>	
2004	\$ 139,937
2005	152,888
2006	178,580
2007	192,083
2008	<u>79,000</u>
	<u>\$ 742,488</u>

NOTE 9 – RETIREMENT PLANS

The Corporation maintains a qualified 401(k) retirement plan for substantially all full-time employees. The employer contribution for the participant is equal to 1% of the participant's compensation provided the participant contributes 5%. Pension expense for this plan was \$16,553 in 2003 and \$7,250 in 2002.

NOTE 10 - REGULATORY NET CAPITAL REQUIREMENT

As a registered broker-dealer and member of the NASD, the Company is subject to the SEC Uniform Net Capital Rule 15c3-1 which requires the maintenance of minimum regulatory net capital and requires that the ratio of aggregate indebtedness to regulatory net capital, both as defined, shall not exceed 15 to 1. As of December 31, 2003, the Company had regulatory net capital of \$671,614 and a minimum regulatory net capital requirement of \$50,000. The regulatory net capital ratio of the company was .40 to 1. As of December 31, 2002, the Company had regulatory net capital of \$537,719 and a minimum regulatory net capital requirement of \$50,000. The regulatory net capital ratio of the company was .09 to 1.

CAMBRIDGE GROUP INVESTMENTS, LTD.
SCHEDULE I
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1
OF THE SECURITIES AND EXCHANGE COMMISSION
AS OF DECEMBER 31, 2003

NET CAPITAL:

Total stockholder's equity	<u>\$ 985,213</u>
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Deduction and/or changes:

Non-allowable assets:

Prepaid expenses	\$ 33,033	
Enron Sub Debt.	21,250	
Website, net of amortization	653	
Furniture and equipment	47,298	
Leasehold improvements	1,747	
Deferred tax asset - long term	185,000	
Excess Fidelity Bond Deductible	4,000	
Other clearing	<u>4,937</u>	<u>297,918</u>

Net capital before haircuts on securities positions	687,295
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Haircuts on securities

Other securities	<u>15,681</u>	<u>15,681</u>
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Net capital	<u><u>\$ 671,614</u></u>
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AGGREGATE INDEBTEDNESS:

Items included in statement of financial position

Accounts payable and accrued expenses	<u><u>\$ 270,617</u></u>
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COMPUTATION OF BASIC NET CAPITAL REQUIREMENT:

Minimum net capital required (6 2/3 percent of \$270,617 or
\$50,000 if greater)

	<u><u>\$ 50,000</u></u>
--	-------------------------

Excess net capital

	<u><u>\$ 621,614</u></u>
--	--------------------------

Ratio: Aggregate indebtedness to net capital

	<u><u>.40:1</u></u>
--	---------------------

Reconciliation with Company's computation (included in

Part IIA of Form X-17-A-5 as of December 31, 2003)

Net capital as reported on Company's Part IIA unaudited Focus	\$ 719,365
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Audit adjustments to record accounts payable and accrued expenses	(44,589)
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Other audit adjustments - net	<u>(3,162)</u>
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Net capital	<u><u>\$ 671,614</u></u>
-------------	--------------------------



**Maner,
Costerisan
& Ellis, P.C.**
Certified Public Accountants

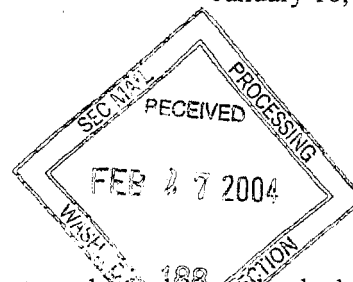
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Walter P. Maner, Jr.
Floyd L. Costerisan
Leon A. Ellis (1933-1988)

January 16, 2004

Board of Directors
Cambridge Investment Group
Grand Rapids, Michigan



In planning and performing our audit of the financial statements and supplemental schedule of Cambridge Investment Group (the Company), for the year ended December 31, 2003, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

Also, as required by rule 17a-5(g)(1) of the Securities Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in the rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons.
2. Recordation of differences required by rule 17a-13.
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls, the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including control activities for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2003 to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the NASD and other regulatory agencies that rely on rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than those specified parties.

Manu Costerizian, Ellis, P.C.
Certified Public Accountants